

Amendatory section:**WAC 230-30-072 Inventory control for punch boards and pull-tabs -- Retention requirements --**

Audit adjustments. Each punch board and pull-tab series purchased or otherwise obtained by an operator shall be controlled and accounted for. Each operator shall closely monitor punch board and pull-tab series purchased to assure that Washington state identification and inspection service stamp numbers are correctly entered in all records and each device purchased is properly recorded. The following control procedures apply:

Delivery of new games.

(1) The delivery/receipt of punch boards and pull-tab series shall be recorded as follows:

Invoice record.

(a) All purchases of punch boards or pull-tab series shall be recorded on a standard distributor's invoice, which will be used by the operator as a record to account for the punch board or pull-tab series between the time it is purchased and removed from play. Each invoice shall include space for the operator to attach the records entry label from the device and the date the device was placed out for play: Provided, That in lieu of the distributor's invoice recording system, licensees utilizing a computerized recordkeeping system may use a separate inventory record to account for purchases and uses of punch boards and pull-tabs as long as all necessary information is recorded. For these records, a computer generated facsimile of the stamp number may be imprinted on the inventory record in lieu of a records entry label.

Operator to review data and check ID stamps.

(b) At the time a punch board or pull-tab series is delivered, each operator will assure that all required data is correctly recorded by the distributor by comparing the actual Washington state identification and inspection services stamp number attached to each punch board and pull-tab series to the number recorded on the purchase invoice;

Invoice/inventory record - placing new games into play.

(2) At the time a punch board or pull-tab series is placed into play, each operator shall record in the allotted space on the distributor's invoice or the inventory record the following:

(a) Date placed into play; and

(b) Washington state identification and inspection services stamp number by attaching a records entry label.

Retention requirements.

(3) Each punch board or pull-tab series which is removed from play, together with the prize flare, all unplayed tabs, and all winning punches or tabs, shall be retained by the operator and made available for inspection, on the licensed premises, by commission agents and/or local law enforcement and taxing agencies: Provided, That any series utilizing point of sale printing with approved electronic audit and security provisions shall be maintained in accordance with requirements of the Commission established at the time of approval under WAC 230-12-316 or as subsequently determined. If devices are stored off premises, they must be produced for inspection upon demand. The minimum retention time for devices removed from play shall be:

Charitable.

(a) **Charitable or nonprofit licensees** - at least four months following the last day of the month in which the device was removed from play;

Commercial.

(b) **Commercial stimulant licensees** - at least two months following the last day of the month in which the device was removed from play: Provided, That the flare and all winning punches or pull-tabs in excess of twenty dollars shall be retained for at least ninety days following the day the device was removed from play: Provided further, That any commercial stimulant licensee who fails to comply with all recordkeeping requirements of this title or who misstates gross gambling receipts by more than one percent during any calendar quarter shall be required, after written notification by the director, to retain all devices for at least four months following the last day of the month in which it was removed from play. Any licensee so restricted may petition the director to remove the increased retention requirement imposed after a minimum of one year. Any such petition shall include documentation of the steps taken to correct recordkeeping deficiencies. For purposes of computing gross gambling receipts for determining compliance with the recording accuracy requirement, the procedures in subsection (6) of this section apply; and

Specially authorized games.

(c) **Specially authorized pull-tab series** may have retention requirements in addition to those set forth in subsections (a) and (b) of this section.

Storage requirements.

(4) Each punch board or pull-tab series which is not placed out for play must be retained on the licensed premises and made available for inspection by the commission and/or local law enforcement and taxing agencies: Provided, That devices may be stored off premises if they are produced for inspection upon demand;

Returning a game to the distributor or manufacturer.

(5) Each punch board or pull-tab series which has been placed out for play and is subsequently returned to a distributor or manufacturer is exempt from the retention requirements in subsection (3) of this section. The operator must retain a copy of the quality control report for the retention period normally applicable and must record each game on its monthly record required by WAC 230-08-010. If a device is returned to a distributor for any reason, including commission required recall, the operator shall record the date, invoice or credit memo number, and "returned" on the original purchase invoice or inventory record on the corresponding entry for the device;

Adjusting gross gambling receipts.

(6) For purposes of compliance with the requirements of this section and license class compliance, gross gambling receipts from the operation of punch boards and pull-tabs shall be adjusted for commission staff audit findings by using the following procedures:

(a) **Unrecorded devices** - gross gambling receipts shall be increased to account for any unrecorded devices purchased by an operator by adding the maximum amount that could be generated from the device, as determined by multiplying the total number of chances available by the price of a single chance. The adjustment shall be made to the records for the month in which the device was purchased; and

(b) **Recording errors** - gross gambling receipts shall be increased or decreased by an adjustment factor that is based upon the results of an audit of a sample of at least five devices randomly selected by the commission staff. The adjustment factor shall be determined by dividing the audited amount for the sample group of devices by the recorded amount for the same devices. The resulting product of this equation shall be applied to the total recorded gross gambling receipts for the calendar quarter from which the sample was taken and to the immediately preceding three quarters.